

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

In the Matter of:

**Alsima Middle East General Trading LLC,  
also known as Al Sima Middle East  
General Trading LLC**  
802 Whiteswan Building  
Sheikh Zayed Road  
P.O. Box 211997  
Dubai, United Arab Emirates

20-BIS-0005

Respondents

**ORDER RELATING TO ALSIMA MIDDLE EAST GENERAL TRADING LLC**

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Alsima Middle East General Trading LLC, also known as Al Sima Middle East General Trading LLC, of Dubai, United Arab Emirates (“Alsima”) that it has initiated an administrative proceeding against it pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> through the issuance of a Charging Letter alleging that Alsima committed two violations of the Regulations.<sup>2</sup> Specifically, the charges are:

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violation alleged occurred in and about 2015. The Regulations governing the violations at issue are found in the 2015 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2015). The 2021 Regulations govern the procedural aspects of this case.

**Charge 1 15 C.F.R. § 764.2(g) – Misrepresentation and Concealment of Facts**

1. On or about October 5, 2015, Alsima made false and misleading representations, statements, and certifications in connection with the submission to BIS of a license application for the export to the United Arab Emirates (UAE) of powder grade nickel. The nickel powder is classified under Export Control Classification Number (ECCN) 1C240, controlled for nonproliferation (NP) and antiterrorism (AT) reasons, and required a license to be exported to the UAE. In the submission of the license application, Alsima falsely and misleadingly represented that the nickel powder was to be used to manufacture self-lubricating seal rings in the UAE for distribution in the UAE.<sup>3</sup>
2. On or about October 1, 2015, Alsima completed a form BIS-711 “Statement by Ultimate Consignee and Purchaser” indicating it was the end user for an order of controlled nickel powder. On the form, Alsima stated that the controlled items “[w]ill be processed or incorporated by us” into “self lubricating seal rings to be manufactured” in the UAE “for distribution in [the] U.A.E.”
3. The BIS-711 included the following certification:

We certify that all of the facts contained in this statement are true and correct to the best of our knowledge and we do not know of any additional facts which are inconsistent with the above statement. We shall promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security, [sic] we [sic] will not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement (1) to any country not approved for export as brought to our attention by means of a bill of lading, commercial invoice, or any other means, or (2) to any person if we know that it will result directly or indirectly, in disposition of the items contrary to the representations made in this statement or contrary to Export Administration Regulations.

4. The BIS-711 was signed by an Alsima “sr. technical manager,” as the ultimate consignee and as the purchaser on behalf of Alsima. The BIS-711 contained the following acknowledgement below the signature block: “We acknowledge that the making of any false statements or concealment of any material fact in connection with this statement may result in imprisonment or fine, or both and denial, in whole or in part, of participation in U.S. exports and reexports.”

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<sup>3</sup> The nickel powder at issue was valued at approximately \$3,000.

5. Alsima also submitted an end user statement on company letterhead, dated October 1, 2015. The statement certified that the company understood that “[n]o resale, transfer, or re-export of the items listed on this Invoice is authorized without prior authorization by the U.S. Government.” The submission also included a statement that “[w]e manufacture these seal rings and warehouse them for any service company that perform refurbishment of reciprocating compressors.”
6. The BIS-711 and Alsima end user statement were submitted to BIS on or about October 5, 2015, as part of a license application provided by a U.S. company. BIS ultimately granted the related export license on November 10, 2015, relying on the representations made by Alsima. The license stated that “BIS has granted this license in reliance on representations the applicant made in the license application, letters of explanation, and other documents submitted.” Ultimately, the U.S. company exported the nickel powder on or about November 24, 2015, and February 3, 2016.
7. On or about April 18, 2016, BIS conducted a Post Shipment Verification (“PSV”) at Alsima. The director of Alsima stated that the nickel powder was for the manufacturing of specialized compressor rings. However, the director further clarified that Alsima had intended to export the manufactured rings to an Azerbaijani company. The director provided an invoice dated February 14, 2015 – several months prior to the submission of the BIS-711 and Alsima’s end user statement, purportedly from the Azerbaijani company for the specialized compressor rings.
8. The director explained that he initially intended for Alsima to produce the rings and ship them directly to the Azerbaijani company. He also stated that he had contacted companies in South Africa and India about manufacturing the rings for the Azerbaijani company if Alsima provided the nickel powder.
9. On the BIS-711, as discussed above, Alsima represented that the nickel powder would be used for self-lubricating rings to be manufactured and distributed in the UAE and would not be reexported without BIS authorization. On the Alsima end user statement, Alsima similarly stated that no resale, transfer, or re-export of the nickel powder would occur without prior authorization of the U.S. Government, and that Alsima manufactured the seal rings. However, during the PSV, the Alsima director stated that Alsima purchased the nickel powder to either produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to manufacture the rings for export to the Azerbaijani company. At no time did Alsima seek authorization from BIS for the resale, transfer, or re-export of the nickel powder.
10. Alsima, as the ultimate consignee and purchaser of the nickel powder, also certified on the BIS-711 that it would not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement to any person if

Alsima knows that it will result directly or indirectly, in disposition of the items contrary to the representations made in this statement.

11. During the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
12. In addition, as referenced above, Alsima agreed on the BIS-711 to “promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security.”
13. Section 764.2(g)(2) of the Regulations further sets forth that “[a]ll representations, statements, and certifications made by any person are deemed to be continuing in effect.”
14. Alsima never sent a statement to the U.S. company disclosing, as it did during the PSV, that it intended to either use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company.
15. Alsima committed one violation of Section 764.2(g) of the Regulations by making the above-referenced false and misleading representations, statements, and certifications, or falsifying or concealing a material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person, in connection with the preparation, submission, issuance, use, or maintenance of any export control document as defined in § 772.1 of the Regulations, or for the purpose of or in connection with effecting an export, reexport or other activity subject to the Regulations.<sup>4</sup>

**Charge 2      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

16. Paragraphs one through fourteen are incorporated here.

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<sup>4</sup> The Regulations define an “export control document” to include “any and all documents submitted in accordance with the requirements of the Regulations in support of, or in relation to, a license application.”

17. As discussed above, during the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
18. BIS granted the license to the U.S. company based, in part, on representations in the BIS-711 and Alsima's end user statement. The obtained license for export of the nickel powder solely to the UAE was void due to Alsima's false and misleading representations, statements, and certifications on the BIS-711 and the Alsima end user statement. As a result, Alsima facilitated the export of the nickel powder from the United States without a valid license and/or beyond the authorization requested and received based on its misrepresentations. Alsima thereby engaged in conduct prohibited by or contrary to the Regulations and the license or authorization issued thereunder.
19. Alsima committed one violation of Section 764.2(a) of the Regulations by engaging in any conduct prohibited by or contrary to, or refraining from engaging in any conduct required by the Regulations, or any order, license or authorization issued thereunder.

WHEREAS, BIS and Alsima have entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Alsima shall be assessed a civil penalty in the amount of \$25,000. The payment of \$12,500 shall be made to the U.S. Department of Commerce within 30 days of the date of this Order. Payment of the remaining \$12,500 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year probationary period Alsima has made full and timely payment of \$12,500 as set forth above, has otherwise complied with the provisions of the

Settlement Agreement and this Order, and has committed no violations of the Act or the Regulations or any order, license, or authorization issued thereunder. If Alsima fails to comply with any of these probationary conditions, the \$12,500 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if any payment required under this Order is not made by the due date specified herein, Alsima will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, compliance with the terms of the Settlement Agreement and the Order, including the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Alsima. Accordingly, if Alsima should fail to pay the civil penalty in a full and timely manner or otherwise fail to comply in full with the terms of the Settlement Agreement or this Order, the undersigned may issue an order denying all of Alsima's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

FOURTH, Alsima shall not dispute or deny, directly or indirectly, the allegations contained in the Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect Alsima's testimonial obligations in any administrative or judicial proceeding, nor does it affect its right to take legal or factual

positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

FIFTH, the Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter related to Alsima, is effective immediately.

**KEVIN  
KURLAND**  Digitally signed by  
KEVIN KURLAND  
Date: 2021.05.28  
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Kevin J. Kurland  
Acting Assistant Secretary of Commerce  
for Export Enforcement

Issued this 28<sup>th</sup> day of May, 2021.

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

In the Matter of:

**Alsima Middle East General Trading LLC,  
also known as Al Sima Middle East General  
Trading LLC**

802 Whiteswan Building  
Sheikh Zayed Road  
P.O. Box 211997  
Dubai, United Arab Emirates

Respondent

20-BIS-0005

**SETTLEMENT AGREEMENT RELATING TO  
ALSIMA MIDDLE EAST GENERAL TRADING LLC**

This Settlement Agreement (“Agreement”) is made by and between Alsima Middle East General Trading LLC, also known as Al Sima Middle East General Trading LLC, of Dubai, United Arab Emirates (“Alsima”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(b) of the Export Administration Regulations (the “Regulations”).<sup>1</sup>

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

WHEREAS, BIS has initiated administrative proceedings against Alsima, pursuant to Section 766.3 of the Regulations, through the issuance of a Charging Letter alleging that Alsima committed two violations of the Regulations, specifically;<sup>2</sup>

**Charge 1 15 C.F.R. § 764.2(g) – Misrepresentation and Concealment of Facts**

1. On or about October 5, 2015, Alsima made false and misleading representations, statements, and certifications in connection with the submission to BIS of a license application for the export to the United Arab Emirates (UAE) of powder grade nickel. The nickel powder is classified under Export Control Classification Number (ECCN) 1C240, controlled for nonproliferation (NP) and antiterrorism (AT) reasons, and required a license to be exported to the UAE. In the submission of the license application, Alsima falsely and misleadingly represented that the nickel powder was to be used to manufacture self-lubricating seal rings in the UAE for distribution in the UAE.<sup>3</sup>
2. On or about October 1, 2015, Alsima completed a form BIS-711 “Statement by Ultimate Consignee and Purchaser” indicating it was the end user for an order of controlled nickel powder. On the form, Alsima stated that the controlled items “[w]ill be processed or incorporated by us” into “self lubricating seal rings to be manufactured” in the UAE “for distribution in [the] U.A.E.”
3. The BIS-711 included the following certification:

We certify that all of the facts contained in this statement are true and correct to the best of our knowledge and we do not know of any additional facts which are inconsistent with the above statement. We shall promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security, [sic] we [sic] will not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement (1) to any country not approved for export as brought to our attention by means of a bill of lading, commercial invoice, or any other means, or (2) to any person if we know that it will result directly

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<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violation alleged occurred in and about 2015. The Regulations governing the violations at issue are found in the 2015 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2015). The 2021 Regulations govern the procedural aspects of this case.

<sup>3</sup> The nickel powder at issue was valued at approximately \$3,000.

or indirectly, in disposition of the items contrary to the representations made in this statement or contrary to Export Administration Regulations.

4. The BIS-711 was signed by an Alsima “sr. technical manager,” as the ultimate consignee and as the purchaser on behalf of Alsima. The BIS-711 contained the following acknowledgement below the signature block: “We acknowledge that the making of any false statements or concealment of any material fact in connection with this statement may result in imprisonment or fine, or both and denial, in whole or in part, of participation in U.S. exports and reexports.”
5. Alsima also submitted an end user statement on company letterhead, dated October 1, 2015. The statement certified that the company understood that “[n]o resale, transfer, or re-export of the items listed on this Invoice is authorized without prior authorization by the U.S. Government.” The submission also included a statement that “[w]e manufacture these seal rings and warehouse them for any service company that perform refurbishment of reciprocating compressors.”
6. The BIS-711 and Alsima end user statement were submitted to BIS on or about October 5, 2015, as part of a license application provided by a U.S. company. BIS ultimately granted the related export license on November 10, 2015, relying on the representations made by Alsima. The license stated that “BIS has granted this license in reliance on representations the applicant made in the license application, letters of explanation, and other documents submitted.” Ultimately, the U.S. company exported the nickel powder on or about November 24, 2015, and February 3, 2016.
7. On or about April 18, 2016, BIS conducted a Post Shipment Verification (“PSV”) at Alsima. The director of Alsima stated that the nickel powder was for the manufacturing of specialized compressor rings. However, the director further clarified that Alsima had intended to export the manufactured rings to an Azerbaijani company. The director provided an invoice dated February 14, 2015 – several months prior to the submission of the BIS-711 and Alsima’s end user statement, purportedly from the Azerbaijani company for the specialized compressor rings.
8. The director explained that he initially intended for Alsima to produce the rings and ship them directly to the Azerbaijani company. He also stated that he had contacted companies in South Africa and India about manufacturing the rings for the Azerbaijani company if Alsima provided the nickel powder.
9. On the BIS-711, as discussed above, Alsima represented that the nickel powder would be used for self-lubricating rings to be manufactured and distributed in the UAE and would not be reexported without BIS authorization. On the Alsima end user statement, Alsima similarly stated that no resale, transfer, or re-export of the nickel powder would occur without prior authorization of the U.S. Government,

and that Alsima manufactured the seal rings. However, during the PSV, the Alsima director stated that Alsima purchased the nickel powder to either produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to manufacture the rings for export to the Azerbaijani company. At no time did Alsima seek authorization from BIS for the resale, transfer, or re-export of the nickel powder.

10. Alsima, as the ultimate consignee and purchaser of the nickel powder, also certified on the BIS-711 that it would not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement to any person if Alsima knows that it will result directly or indirectly, in disposition of the items contrary to the representations made in this statement.
11. During the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
12. In addition, as referenced above, Alsima agreed on the BIS-711 to “promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security.”
13. Section 764.2(g)(2) of the Regulations further sets forth that “[a]ll representations, statements, and certifications made by any person are deemed to be continuing in effect.”
14. Alsima never sent a statement to the U.S. company disclosing, as it did during the PSV, that it intended to either use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company.
15. Alsima committed one violation of Section 764.2(g) of the Regulations by making the above-referenced false and misleading representations, statements, and certifications, or falsifying or concealing a material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person, in connection with the preparation, submission, issuance, use, or maintenance of any export control document as defined in § 772.1 of the

Regulations, or for the purpose of or in connection with effecting an export, reexport or other activity subject to the Regulations.<sup>4</sup>

**Charge 2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

16. Paragraphs one through fourteen are incorporated here.
17. As discussed above, during the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
18. BIS granted the license to the U.S. company based, in part, on representations in the BIS-711 and Alsima's end user statement. The obtained license for export of the nickel powder solely to the UAE was void due to Alsima's false and misleading representations, statements, and certifications on the BIS-711 and the Alsima end user statement. As a result, Alsima facilitated the export of the nickel powder from the United States without a valid license and/or beyond the authorization requested and received based on its misrepresentations. Alsima thereby engaged in conduct prohibited by or contrary to the Regulations and the license or authorization issued thereunder.
19. Alsima committed one violation of Section 764.2(a) of the Regulations by engaging in any conduct prohibited by or contrary to, or refraining from engaging in any conduct required by the Regulations, or any order, license or authorization issued thereunder.

WHEREAS, Alsima has reviewed the Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, Alsima fully understands the terms of this Agreement and the Order that the Assistant Secretary of Commerce for Export Enforcement, or appropriate

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<sup>4</sup> The Regulations define an "export control document" to include "any and all documents submitted in accordance with the requirements of the Regulations in support of, or in relation to, a license application."

designee, will issue if he approves this Agreement as the final resolution of this matter (the "Order");

WHEREAS, Alsima enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, Alsima states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Alsima admits the allegations contained in the Charging Letter; and

WHEREAS, Alsima agrees to be bound by the Order, if issued;

NOW, THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Alsima, under the Regulations, in connection with the matters alleged in the Charging Letter.

2. The following sanction shall be imposed against Alsima:

a. Alsima shall be assessed a civil penalty in the amount of \$25,000.

The payment of \$12,500 shall be made to the U.S. Department of Commerce within 30 days of the date of this Order. Payment of the remaining \$12,500 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year probationary period Alsima has made full and timely payment of \$12,500 as set forth above, has otherwise complied with the provisions of the Settlement Agreement and this Order, and has committed no violations of the Act or the Regulations or any order, license, or authorization issued thereunder. If Alsima fails to comply with any of these

probationary conditions, the \$12,500 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

b. Compliance with the terms of this Agreement and the Order, including full and timely payment of the civil penalty agreed to in Paragraph 2.a., above, is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Alsima. Failure to make full and timely payment of the civil penalty or to otherwise comply in full with the terms of this Agreement or the Order, if issued, may result in the denial of all of Alsima's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Alsima hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of a suspended sanction due to an alleged violation or violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) receive an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Alsima also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Regulations arising out of the transactions identified in the Charging Letter or in connection with collection of the civil penalty or enforcement of this

Agreement and the Order, if issued, from the date of the Order, if issued, until Alsima pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Alsima shall not dispute or deny, directly or indirectly, the allegations contained in the Charging Letter or Order, if issued, or take any position contrary thereto in any public statement. The foregoing does not affect Alsima's testimonial obligations in any administrative or judicial proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon compliance in full with the terms of this Agreement and the Order, if issued, BIS will not initiate any further administrative proceeding against Alsima in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, pursuant to Section 766.18(b) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or

department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Charging Letter, this Agreement, and the Order available to the public.

10. Each signatory affirms that it has authority to enter into this Settlement Agreement and to bind its respective party to the terms and conditions set forth herein.

11. If any provision of this Settlement Agreement is found to be unlawful, only the specific provision in question shall be affected and the other provisions shall remain in full force and effect.

BUREAU OF INDUSTRY  
AND SECURITY  
U.S. DEPARTMENT OF COMMERCE

OPHER SHWEIKI Digitally signed by OPHER SHWEIKI  
Date: 2021.05.21 11:27:13 -04'00'

Opher Shweiki  
Acting Chief Counsel for Industry and Security

Date: \_\_\_\_\_

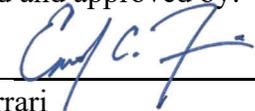
AL SIMA MIDDLE EAST  
GENERAL TRADING LLC



Ali Shaefiei Monfared  
Director

Date: May 14, 2021

Reviewed and approved by:



Erich Ferrari  
Counsel for Al Sima Middle  
East General Trading LLC



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Industry and Security**  
**Office of Export Enforcement**  
1401 Constitution Avenue, Suite 4508  
Washington, DC 20230

CHARGING LETTER

VIA FEDERAL EXPRESS

Alsima Middle East General Trading LLC  
802 Whiteswan Building  
Sheikh Zayed Road  
P.O. Box 211997  
Dubai, United Arab Emirates

*Attention: Ali Shaefiei Monfared, Director*

Dear Mr. Monfared:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Alsima Middle East General Trading LLC (“Alsima”) of Dubai, United Arab Emirates, has committed one violation of the Export Administration Regulations (the “Regulations”).<sup>1</sup> Specifically, BIS alleges that Alsima committed the following violations:<sup>2</sup>

**Charge 1 15 C.F.R. § 764.2(g) – Misrepresentation and Concealment of Facts**

1. On or about October 5, 2015, Alsima made false and misleading representations, statements, and certifications in connection with the submission to BIS of a license application for the export to the United Arab Emirates (UAE) of powder grade nickel. The nickel powder is classified under Export Control Classification Number (ECCN) 1C240, controlled for nonproliferation (NP) and antiterrorism (AT) reasons, and required a licensed to be exported to the UAE. In the submission of the license application,

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2020). The violation alleged occurred in and about 2015. The Regulations governing the violations at issue are found in the 2015 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2015). The 2020 Regulations govern the procedural aspects of this case.



Alsima falsely and misleadingly represented that the nickel powder was to be used to manufacture self-lubricating seal rings in the UAE for distribution in the UAE.<sup>3</sup>

2. On or about October 1, 2015, Alsima completed a form BIS-711 “Statement by Ultimate Consignee and Purchaser” indicating it was the end user for an order of controlled nickel powder. On the form, Alsima stated that the controlled items “[w]ill be processed or incorporated by us” into “self lubricating seal rings to be manufactured” in the UAE “for distribution in [the] U.A.E.”
3. The BIS-711 included the following certification:

We certify that all of the facts contained in this statement are true and correct to the best of our knowledge and we do not know of any additional facts which are inconsistent with the above statement. We shall promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security, [sic] we [sic] will not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement (1) to any country not approved for export as brought to our attention by means of a bill of lading, commercial invoice, or any other means, or (2) to any person if we know that it will result directly or indirectly, in disposition of the items contrary to the representations made in this statement or contrary to Export Administration Regulations.

4. The BIS-711 was signed by an Alsima “sr. technical manager,” as the ultimate consignee and as the purchaser on behalf of Alsima. The BIS-711 contained the following acknowledgement below the signature block: “We acknowledge that the making of any false statements or concealment of any material fact in connection with this statement may result in imprisonment or fine, or both and denial, in whole or in part, of participation in U.S. exports and reexports.”
5. Alsima also submitted an end user statement on company letterhead, dated October 1, 2015. The statement certified that the company understood that “[n]o resale, transfer, or re-export of the items listed on this Invoice is authorized without prior authorization by the U.S. Government.” The submission also included a statement that “[w]e manufacture these seal rings and warehouse them for any service company that perform refurbishment of reciprocating compressors.”
6. The BIS-711 and Alsima end user statement were submitted to BIS on or about October 5, 2015, as part of a license application provided by a U.S. company. BIS ultimately granted the related export license on November 10, 2015, relying on the representations made by Alsima. The license stated that “BIS has granted this license in reliance on representations the applicant made in the license application, letters of explanation, and

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<sup>3</sup> The nickel powder at issue was valued at approximately \$3,000.

other documents submitted.” Ultimately, the U.S. company exported the nickel powder on or about November 24, 2015, and February 3, 2016.

7. On or about April 18, 2016, BIS conducted a Post Shipment Verification (“PSV”) at Alsima. The director of Alsima stated that the nickel powder was for the manufacturing of specialized compressor rings. However, the director further clarified that Alsima had intended to export the manufactured rings to an Azerbaijani company. The director provided an invoice dated February 14, 2015 – several months prior to the submission of the BIS-711 and Alsima’s end user statement, purportedly from the Azerbaijani company for the specialized compressor rings.
8. The director explained that he initially intended for Alsima to produce the rings and ship them directly to the Azerbaijani company. He also stated that he had contacted companies in South Africa and India about manufacturing the rings for the Azerbaijani company if Alsima provided the nickel powder.
9. On the BIS-711, as discussed above, Alsima represented that the nickel powder would be used for self-lubricating rings to be manufactured and distributed in the UAE and would not be reexported without BIS authorization. On the Alsima end user statement, Alsima similarly stated that no resale, transfer, or re-export of the nickel powder would occur without prior authorization of the U.S. Government, and that Alsima manufactured the seal rings. However, during the PSV, the Alsima director stated that Alsima purchased the nickel powder to either produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to manufacture the rings for export to the Azerbaijani company. At no time did Alsima seek authorization from BIS for the resale, transfer, or re-export of the nickel powder.
10. Alsima, as the ultimate consignee and purchaser of the nickel powder, also certified on the BIS-711 that it would not reexport, resell, or otherwise dispose of any items approved on a license supported by this statement to any person if Alsima knows that it will result directly or indirectly, in disposition of the items contrary to the representations made in this statement.
11. During the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
12. In addition, as referenced above, Alsima agreed on the BIS-711 to “promptly send a supplemental statement to the U.S. Exporter, disclosing any change of facts or intentions set forth in this statement which occurs after the statement has been prepared and forwarded, except as specifically authorized by the U.S. Export Administration Regulations (15 CFR parts 730-774), or by prior written approval of the Bureau of Industry and Security.”

13. Section 764.2(g)(2) of the Regulations further sets forth that “[a]ll representations, statements, and certifications made by any person are deemed to be continuing in effect.”
14. Alsima never sent a statement to the U.S. company disclosing, as it did during the PSV, that it intended to either use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or to send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company.
15. Alsima committed one violation of Section 764.2(g) of the Regulations by making the above-referenced false and misleading representations, statements, and certifications, or falsifying or concealing a material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person, in connection with the preparation, submission, issuance, use, or maintenance of any export control document as defined in § 772.1 of the Regulations, or for the purpose of or in connection with effecting an export, reexport or other activity subject to the Regulations.<sup>4</sup>

**Charge 2      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

16. Paragraphs one through fourteen are incorporated here.
17. As discussed above, during the PSV, Alsima disclosed that it intended to use the nickel powder to produce rings in the UAE for export to an Azerbaijani company or send the nickel powder to a company in South Africa or India to produce the rings for export to the Azerbaijani company. Either action would have resulted, directly or indirectly, in the resale, transfer, or re-export of the nickel powder contrary to the representation in the BIS-711 that the nickel powder would be processed or incorporated by Alsima into self-lubricating seal rings to be manufactured and distributed in the UAE.
18. BIS granted the license to the U.S. company based, in part, on representations in the BIS-711 and Alsima’s end user statement. The obtained license for export of the nickel powder solely to the UAE was void due to Alsima’s false and misleading representations, statements, and certifications on the BIS-711 and the Alsima end user statement. As a result, Alsima facilitated the export of the nickel powder from the United States without a valid license and/or beyond the authorization requested and received based on its misrepresentations. Alsima thereby engaged in conduct prohibited by or contrary to the Regulations and the license or authorization issued thereunder.
19. Alsima committed one violation of Section 764.2(a) of the Regulations by engaging in any conduct prohibited by or contrary to, or refraining from engaging in any conduct required by the Regulations, or any order, license or authorization issued thereunder.

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<sup>4</sup> The Regulations define an “export control document” to include “any and all documents submitted in accordance with the requirements of the Regulations in support of, or in relation to, a license application.”

Accordingly, Alsima is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$307,922 per violation,<sup>5</sup> or twice the value of the transaction that is the basis of the violation;<sup>6</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.<sup>7</sup>

If Alsima fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Alsima defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Alsima. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Alsima is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Alsima is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Alsima have a proposal to settle this case, Alsima should transmit it to the attorney representing BIS named below.

Alsima is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Alsima may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

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<sup>5</sup> *See* 15 C.F.R. §§ 6.3(b)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See also* 85 Fed. Reg. 207, 208-9 (Jan. 3, 2020) (Adjusting for inflation the maximum civil monetary penalty under IEEPA from \$302,584 to \$307,922, effective January 15, 2020); note 1, *supra*.

<sup>6</sup> *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

<sup>7</sup> The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. *See* note 1, *supra*. Consequently, the applicable potential sanctions are provided for under IEEPA, rather than ECRA. *See id.*

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Alsima's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of Alsima's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Anthony Saler and Kimberly Hsu  
Room H-3839  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Anthony Saler and Kimberly Hsu are the attorneys representing BIS in this case; any communications that Alsima may wish to have concerning this matter should occur through them. Mr. Saler and Ms. Hsu may be contacted by telephone at (202) 482-5301.

Sincerely,

JOHN  
SONDERMAN



Digitally signed by JOHN  
SONDERMAN  
Date: 2020.09.30  
13:56:23 -04'00'

John Sonderman  
Director  
Office of Export Enforcement